



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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February 1, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

NEW LEASE HARBOR-UCLA MEDICAL FOUNDATION INCORPORATED AT HARBOR-UCLA MEDICAL CENTER (SECOND DISTRICT) (3 VOTES)

SUBJECT

This recommendation is to approve a new lease and sublease for 31,357 rentable square feet of medical office space at 21840 South Normandie Avenue, Torrance, California with the Harbor-UCLA Medical Foundation Incorporated (MFI), a California non-profit corporation, for five years with an option to extend the term for an additional five years.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign the lease with Harbor-UCLA Medical Foundation Incorporated for a five-year period with an option to extend for an additional five years for the continued use of approximately 31,357 rentable square feet for the consideration as expressed therein.

"To Enrich Lives Through Effective And Caring Service"

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3. Approve and instruct the Chairman to sign the sublease to the lease whereby the County leases back 5940 square feet of space on a full service basis from Harbor-UCLA Medical Foundation Incorporated for the term of the lease.
4. In accordance with the requirements of Government Code Section 26227 governing real estate transactions with public non-profit corporations, find that:
 - The lease contributes to the furtherance of social programs;
 - The property, except for the portions covered by the sublease, is not needed for County purposes during the lease term and option period; and,
 - The lease is in the best interest of the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On April 26, 1988, your Board approved a 20-year ground lease with Harbor-UCLA Medical Foundation Incorporated (MFI), to construct, at their cost, a medical office building on the campus of the Harbor-UCLA Medical Center (Medical Center) at 21840 South Normandie Avenue, Torrance, California. The ground lease required the building improvements to become the property of the County at the end of the lease term on April 25, 2008. MFI continues to occupy the building on a holdover basis.

MFI is composed of physicians who are staff physicians at the Medical Center and are also faculty members of the UCLA Medical School. Through the original ground lease, MFI established a medical office in which off duty staff physicians were able to provide treatment for privately insured patients who would not otherwise be able to receive specialized care.

During the lease term, MFI has provided valuable public services to the community by offering specialized health care through a private practice facility. MFI enhances the services at the Medical Center by assisting in recruiting and retaining faculty physicians who are highly specialized in various medical disciplines.

MFI has requested a new lease for five years with an option to extend for an additional five years. In addition, the County will have the use of 5,940 square feet of the building during the term of the lease. The new lease will allow MFI to continue to provide the following:

Benefits to the Public

- Patients throughout the region gain access to world-renowned expertise of Harbor-UCLA faculty physicians.
- HMO patients have access to a valuable resource for obtaining out-of-plan second opinions, from knowledgeable academic specialists.

- Link between Harbor-UCLA Professional Building and hospital-based Faculty Referral Center enables private patients to access state of the art, life- saving clinical expertise.

Benefits to Harbor-UCLA Medical Departments and Faculty Physicians

- Medical Departments derive a valuable edge in recruiting and retaining highly qualified faculty, through providing these physicians with the opportunity to maintain limited faculty practice involvements at a convenient on-campus location, functioning on non-County time.
- The Professional Building will provide Harbor-UCLA faculty with valuable training and experience in state of the art applications of electronic medical records.

Benefits to Harbor-UCLA Medical Center and the County of Los Angeles

- Both the hospital and the County derive direct benefit from assistance provided to Medical Departments in recruitment and retention of highly skilled medical faculty.
- Image Enhancement - The image of the entire Harbor-UCLA campus is enhanced via services provided to the general public in the Professional Building. This is especially true as residents utilize resources of the Professional Building for their own medical care.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The County of Los Angeles Strategic Plan (revised February 17, 2009) directs us to "Maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services (Goal1)". The leasing of County property to a non-profit foundation, which provides medical services to the public at the Medical Center is consistent with that goal.

FISCAL IMPACT/FINANCING

In consideration of the lease and sublease, MFI will not pay any cash to the County. However, it will provide "in-kind services" equal to the fair market value of the leasehold interest. MFI will provide all insurance, maintenance, janitorial services, taxes if any, utilities, capital repairs and replacements for the facility and related landscaping except for the parking lot, including of the 5,940 square feet of office space under the sublease. Other in-kind services, including the sublease, physician professional services and physician recruitment and retention services, will also be provided.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

MFI is a California non-profit corporation with a mission of providing support to the patient care, teaching and research program at the Medical Center. MFI is comprised of physicians and staff who are employed by the County and/or University of California.

ENVIRONMENTAL DOCUMENTATION

The project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Board's approval of the lease and sublease will allow MFI to continue to offer specialized medical services to insured patients who are residents of Los Angeles County. The property is currently not required for exclusive County use. The Department of Health Services approves and supports the recommended actions herein and the continued services of MFI.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the executed Lease and Sublease, two copies of the minute order and the adopted, stamped Board Letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:DJT
CWW:zu

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Harbor-UCLA Medical Foundation Incorporated

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is made and entered into this __ day of December 2010 by and between COUNTY OF LOS ANGELES, as landlord ("County"), and Harbor-UCLA Medical Foundation, Inc., a California non-profit corporation ("Tenant", "Lessee" or "MFI").

RECITALS

WHEREAS, County is the fee owner of real property containing approximately four acres of land improved with approximately 31,357 rentable square feet of office space (the "Property"), which Property is on the Harbor-UCLA Medical Center campus; and,

WHEREAS, Tenant is a California non-profit 501(c) (3) corporation in good standing; and,

WHEREAS, County has received ownership of improvements located on the Property pursuant to County Lease No. 59067 dated April 26, 1988 ("Original Lease"); and,

WHEREAS, County is prepared to lease the Property to Tenant pursuant to Government Code Section 26227, in order for Tenant to occupy the improvements for use as medical offices and research for County Harbor UCLA facility and for such other purposes as are related thereto; and,

NOW, THEREFORE, in consideration of the terms and conditions hereinafter contained, and the foregoing recitals, each of which is deemed a contractual part hereof, County and Tenant agrees as follows:

ARTICLE 1.

1.1 Status.

This Lease is by and between the County and Tenant and is not intended, and will not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between County and Tenant.

1.2 Prior Agreements.

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements between the parties or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto. The parties understand and agree that Tenant is under a month to month holdover pursuant to the terms of the Original Lease until the commencement of this Lease.

ARTICLE 2. PREMISES

2.1 Description of Premises.

The County, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Tenant, upon the following terms and conditions, hereby leases to the Tenant, and the Tenant hereby hires and takes of and from the County, those certain premises including the entire building (consisting of 31,357 rentable square feet) located at 21840 South Normandie Avenue, Torrance, County of Los Angeles, State of California (the "Building"), together with the landscaped areas and parking lot located on the Property adjacent to the Building but excluding the three small buildings 7, 16, & 18 due south of Medical Foundation Drive as depicted in Exhibit A, attached hereto and incorporated herein by this reference (collectively, the "Premises"). The County shall retain the right to occupy a total of 5,940 rentable square feet within the Building for County office space pursuant to the terms of a sublease of even date attached hereto as Exhibit B and incorporated herein by this reference, wherein Tenant is the sublessor and County is the sublessee (the "Sublease"). Tenant shall occupy and use a portion of the Building in accordance with Article 5 hereof. Floor plans of the Building showing the portions to be used by Tenant and County respectively are depicted in Exhibit C attached hereto and incorporated herein by this reference.

ARTICLE 3. TERM

3.1 Original Term.

The original term of this Lease shall be for a period of five (5) years, commencing upon the execution of the Lease and Sublease by the Los Angeles County Board of Supervisors. As long as Tenant is not in breach of any term of this Lease, the Tenant shall have the option to extend this Lease for an additional five (5) years upon giving written notice to the County not sooner than 180 days nor later than 60 days before the expiration of the primary Lease term. Failure of Tenant to give timely written notice of exercise of the renewal option in a timely manner shall be deemed a rejection of the option to renew.

3.2 Cancellation.

Either party shall have the right to cancel this Lease without cause at any time during the term by giving 180 days prior written notice to the other party. In the event that the County decides to close the Los Angeles County Harbor-UCLA Medical Center (the "Medical Center"), this Lease shall terminate within 60 days after the County Board of Supervisors authorizes the closure of the Medical Center. At the expiration or earlier termination of this Lease, regardless of the reason therefor, Tenant shall remove from the Premises, at Tenant's sole cost and expense, all of Tenant's personal property. Tenant shall be liable to County for all costs incurred in effecting the removal of any personal property which Tenant has failed to remove from the Premises pursuant to this Section. Tenant may remove any personal property from time to time during the Lease term and within 90 days following the expiration of the term. Tenant shall repair all damage (structural or otherwise) caused by such removal; provided that damage to improvements which are obsolete economically or functionally or which are not material need not be repaired so long as the improvements are or are made structurally sound. In addition Tenant shall have

the right to terminate this Lease at any time by giving reasonable notice to County if Tenant loses its exemption from property taxes under Revenue and Tax Code Section 214.

3.3 Holdover.

In case Tenant holds over beyond the end of the term hereof, such tenancy shall be from month-to-month only, subject to the provisions and conditions of this Lease, but shall not be a renewal or extension hereof. Either party may, during the holdover, cancel this Lease by giving the other party at least 30 days' prior written notice. The Tenant's rent during any holdover period shall be \$1000 per month.

ARTICLE 4. RENT

4.1 Rent.

(a) Tenant shall pay monthly rent in an amount equal to the estimated fair market value of the Premises. For the period from the commencement date through June 30, 2012 ("Initial Period") the parties agree that the fair market value of the Premises is equal to \$1.70 per sq. foot per month (for 31,357 square feet). By no later than 90 days prior to the end of such Initial Period, County, acting through its Chief Executive Office, shall determine and notify Tenant of any adjustment necessary to bring such rate in line with the anticipated fair market value of the Premises. Such rate shall be effective from July 1, 2012 through June 30, 2015 (1st Subsequent Period). By no later than 90 days prior to the end of such 1st Subsequent Period, County shall determine and notify Tenant of any adjustment necessary to bring such rate in line with the anticipated fair market value of such space. Such rate shall be effective from the end of the 1st Subsequent period until the end of the original term of this Master Lease. To the extent this Lease is extended under Tenant's option, the rent for the option period shall be identified and **adjusted** no later than the date of extension to bring the rate to fair market value as determined solely by the County CEO Real Estate Division.

(b) Tenant shall compensate County for rent in the amounts determined under subsection (a) of this Section 4.1 through the provision of In-Kind Services, as defined below. The type and amount of each In-Kind Service to be provided must be approved, in writing, in advance by the Hospital Chief Executive Officer or his designee. Use of any In-Kind Services which were not pre-approved to satisfy Tenant's rent obligation under subsection (a) above shall be at County's sole discretion. The parties expect such In-Kind Services to be provided throughout each year. However, recognizing that such services may not be uniformly necessary throughout the year, the parties agree that Tenant shall not be in breach of this Lease so long as verifiable and allowable In-Kind services equal in value to the aggregate monthly rent for any lease year have been provided on or before the last day of such lease year. For purposes of this Lease, the first "lease year" is the period beginning on the effective date of the Master Lease and continuing until the next June 30. Subsequent lease years are the 12 month period beginning on July 1. If the full amount of the rent due cannot be satisfied with In-Kind Services, Tenant will pay County the balance in cash within 30 days after the County notifies it of the amount due. To the extent that Tenant provides In-Kind Services which are in excess of the amount due for any lease year, it may use such services to meet its rent obligation under this Lease in any other future lease year, except that no more than 25% of the rent due in any lease year may be satisfied with services from prior lease years unless approved in writing in advance by the Hospital Chief Executive Officer.

County will bill Tenant in arrears for the rent determined in accordance with this Section 4.1 by the 10th day following each calendar quarter (i.e. ten days after March 31, June 30, September 30, and December 31), beginning with the first calendar quarter ending after the effective date of this Lease, even if the Lease was not in place for the full prior three month period.

By each July 31, and January 30 during the term of the Lease, Tenant shall notify Hospital Chief Executive Officer or his designee of the categories of allowable In-Kind Services and estimated value of such In-Kind Services that have been furnished by Tenant since the last notice. The value of In-Kind Services will be determined based upon standard accounting practices, estimated fair market value or estimated fair rental value. Tenant shall maintain sufficient documentation to demonstrate the provision of such In-Kind Services and their value and shall supply such documentation to County within a reasonable period of time, upon request.

Hospital Chief Executive Officer will verify the provision of allowable In-Kind Services, at least once annually. In the event that Hospital Chief Executive Officer cannot verify the amount of In-Kind Services provided, or disagrees with its estimated market value, he shall notify Tenant of the unverified/unaccepted amount and Tenant shall be required to supply alternative allowable In-Kind Services in such amount, or if the year has ended, cash equal to any unpaid rental amount; provided, however, that Tenant shall have 60 days after the close of each fiscal year in which to provide the Hospital Chief Executive Officer documentation of the In-Kind Services provided during that fiscal year.

Except for providing the credit against a future year's rent, County shall not be required to compensate the Tenant for any excess In-Kind Services provided during any year.

"In-Kind Services", for purposes of this Lease, will include services, equipment and supplies that County would have purchased or leased if Tenant had not made these items available to County. In-Kind Services will include, but not be limited to: 1) payments to staff for physician recruitment and retention, 2) equipment purchases, 3) use of the Tenant's board room, 4) fair market value of space occupied by County, which fair market value shall equal the amount determined for the same period under subsection (a) above, 5) space support costs associated with County's occupancy of space limited to the 5,940 square feet referenced in this Lease and the Sub-Lease, which space support costs will be determined based upon County's percentage of total rentable square feet in the Property.

ARTICLE 5.

USE

5.1 Use.

Tenant is hereby granted permission to utilize the Premises for the full term of this Lease (subject to parking restrictions and regulation which may be imposed by County from time to time by the Hospital Chief Executive Officer) and any authorized extensions unless earlier terminated as provided herein subject to the County's right to occupy for any lawful purpose 5,940 rentable square feet in the Building pursuant to the Sublease. Such use by Tenant shall be exclusively for the purpose of providing licensed medical services to the public and for related lawful services (collectively, the "Services"). All such Services shall be open and available to residents of incorporated and unincorporated areas of the County of Los Angeles. There shall be no discrimination against or preference, gratuity, bonus or other benefit given to residents of incorporated areas not equally accorded to unincorporated territory of the County of Los Angeles.

County may, at its option, house in the Building in the space designated in Exhibit C any staff necessary for any services provided by the County Department of Health Services ("DHS") or any other County agency, contractor, employee or independent contractor.

It is expressly understood that this space use does not constitute the conveyance by County to Tenant of any freehold estate or ownership interest in real or personal property. Tenant shall not use or pledge its leasehold interest in the Premises to obtain financing without the express written consent of the County Chief Executive Office ("CEO") and Treasurer-Tax Collector. Any violation of this provision shall constitute a material breach of this Lease entitling the County to immediately terminate this Lease.

ARTICLE 6. DAMAGE OR DESTRUCTION

6.1 Termination of Lease.

In the event Tenant ceases to provide the Services described in Article 5, Section 5.1 hereof, loses its exemption from property taxes under Revenue and Tax Ccode 214, or the Premises or the Building is damaged by fire, incidents of war, earthquake, or other elements so as to render them reasonably unfit for Tenant's occupancy as reasonably determined by either County or Tenant, County, or Tenant may immediately terminate this Lease by giving to the other party written notice of such termination, which notice shall be effective 30 days after the delivery of notice on the other party as prescribed in Article 14 hereof, whereupon Tenant shall surrender the Premises and shall not be obligated for any further consideration to the County.

6.2 Repair and Restoration

- A. In the event of damage or destruction to the Premises or the Building, if County undertakes restoration of the Premises and Tenant desires to remain in the space, County may, in its sole discretion, allow Tenant to do so, in which case commencement of the restoration shall require: (1) securing the Premises by the County to prevent injury to persons and/or vandalism to the improvements thereon, and (2) the placement of a work order or contract by the County for obtaining the labor and materials to accomplish the repair and restoration. Notwithstanding the foregoing, if the County undertakes restoration or demolition of the Premises, and County or Tenant does not wish Tenant to remain in the Premises during such renovation, or Tenant is unable to remain in the Premises because of the demolition, the parties shall cooperate in good faith to mutually identify space substantially similar to the Premises to which Tenant and its operations may be temporarily or permanently re-located, as the parties may reasonably decide. Nothing in this Section 6.2.A shall be interpreted to require County to undertake the restoration of the Premises. Any decision to restore or demolish the Premises under this Section 6.2.A shall be made by the County in its sole discretion.
- B. During the term of this Lease, if the Building, Premises and/or improvements are damaged due to a risk covered by insurance required to be maintained by Tenant under Article 15 of this Lease, Tenant shall cause the damage to be repaired and

the Building and improvements restored to substantially the same condition as they were in immediately before such damage.

- C. If, during the term of this Lease, the Building, Premises and/or improvements are damaged due to a risk not covered by insurance maintained by Tenant under Article 15 of this Lease and whether or not such damage is substantial, Tenant may elect either to cause the damage to be repaired and the Building, Premises and/or improvements restored to substantially the same condition as they were immediately before the damage or to terminate this Lease. Said election shall be made by written notice to County within 60 days of the occurrence of the damage. If no written notice is given by Tenant within said 60 days then both parties agree this shall constitute Tenant's election not to repair the damage and to terminate the Lease and vacate the Premises.
- D. If Tenant is required or elects to repair any damage to the Building, Premises and/or improvements, such damage shall be repaired and the Building, Premises, and/or improvements restored to substantially the same condition as they were in immediately before the damage as promptly as is commercially reasonable. To the extent the damage is due to a risk covered by insurance maintained by Tenant under Article 15 of this Lease, such repairs shall be made from the proceeds of such insurance and the proceeds of such insurance shall be made available to Tenant for such purpose. All work shall be performed in a good and workmanlike manner and shall be completed as promptly as is reasonably possible and in accordance with all applicable laws. Commencement of the repair and restoration shall require (a) securing the area to prevent injury to persons and/or vandalism to the Building, Premises and improvements and (b) the placement of a work order or contract for obtaining the labor and materials to accomplish the repair and restoration. In no event shall Tenant be required to repair, replace or restore any damaged equipment, personal property, or trade fixtures of County located in or about the Building, it being understood that the repair, replacement, or restoration thereof shall be the sole responsibility and at the expense of County.
- E. Notwithstanding any provision contained in this Lease to the contrary, if the applicable laws existing at the time of the damage do not permit the repair or restoration, either party may terminate this Lease immediately by giving 60 days written notice to the other party. If this Lease is terminated pursuant to any of the provisions in this Section 6.2, the proceeds of any and all insurance maintained under Article 15 of this Lease shall be the sole property of Tenant and shall, if received by County, be promptly paid to Tenant, less any expenses incurred by the County in clearing the site or abating potential nuisances due to the damage.
- F. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) which relate to termination of leases when the thing leased is destroyed and agrees that such event shall be governed exclusively by the terms of this Lease.

ARTICLE 7. TENANT'S FIXTURES

7.1 Tenant's Fixtures.

Tenant may remove, at its own expense, during or at the expiration of the term or other termination of this Lease, all fixtures, equipment, furniture, and all other personal property (collectively "Equipment") placed or installed in or upon the Premises by Tenant. Tenant agrees that if so instructed by County, Tenant shall remove, at its own expense, at the expiration or early termination of the term of this Lease, or any holdover period thereof, all Equipment placed or installed in or upon the Premises by the Tenant. In the event Tenant removes any or all fixtures pursuant to this Section, Tenant shall restore the Premises to the original condition which existed upon the commencement date of this Lease, ordinary wear and tear excepted, unless restoration would be unreasonable in light of improvements made to the Basic Structure of the Premises or Building, as defined in Article 8, Section 8.1, during the term of the Lease.

All Equipment which was not placed or installed in or upon the Premises by the Tenant, or replacements of Equipment placed or installed by the County prior to the commencement date of this Lease, shall remain the property of the County. Tenant may remove said Equipment, at its own expense, only upon the prior written consent of the County CEO.

To the extent there is any conflict between this Section 7.1 and Section 22, Section 22 shall control.

7.2 County Equipment, Furniture, and Personal Property.

Any County equipment, furniture, and personal property existing on the Premises as of the commencement date of this Lease shall remain the property of County during and after the expiration of the Lease term. County will be responsible for maintaining its own personal property.

ARTICLE 8. REPAIR, MAINTENANCE, AND REPLACEMENT

8.1 Tenant's Obligations.

The County intends this Lease to be what is commonly referred to a triple net lease. Subject to Sections 6.2c and 8.5, Tenant agrees to repair, maintain and replace, as necessary, at Tenant's own expense, the entire Premises except the parking lots (including those Tenant improvements, any security systems installed for the Premises, all fixtures, equipment, and other personal property owned by Tenant, or owned by any officer, agent, employee, contractor, licensee, or invitee of Tenant or otherwise placed or installed in, on, or upon the Premises by Tenant), excepting any damage resulting from the intentional acts or negligence of County or its officers, agents, employees, contractors, licensees, or invitees. Tenant's responsibility pursuant to this Section 8.1 shall also include, but not be limited to, lamps and tubes, plumbing, fire sprinklers (if applicable), windows, fire extinguishers, and the Basic Structure. "Basic Structure" is agreed to include the Building and all appurtenances thereto in their totality, including but not limited to all permanent exterior and interior walls, floors and ceilings, roof, all interior and exterior drainage systems, concealed plumbing, stairways, elevators, concealed electrical systems, and heating, ventilating and air-conditioning system and fire sprinklers. Tenant shall perform any

required grounds maintenance to the Premises, including without limitation landscaping and irrigation, but not including the maintenance of parking areas, which shall be the sole responsibility of County.

8.2 Janitorial Services.

Tenant shall, at its sole expense, provide for janitorial services on the Premises.

8.3 Failure To Make Repairs.

In the event Tenant should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Section 8.1 of this Lease within 15 days after written notice of the need for such work has been served upon it by County (or, in the event of an emergency, within two days after written notice has been served by County), or in the event Tenant fails, neglects or refuses to diligently continue such work once commenced, its pursuit to completion of said replacement or maintenance work, 15 days after written notice of such fact has been served upon it by County, then County may perform or cause to be performed said repair, replacement or maintenance work and Tenant shall reimburse the County for all costs incurred by County in connection with such work. An "emergency as" used herein is defined as any life threatening situation, or any event or condition that renders the Premises unusable because of HVAC system failure.

8.4 Condition Of Premises Upon Termination.

Tenant shall return Premises to County in as good condition as existed on the commencement date hereof, ordinary wear and tear excepted, unless restoration would be unreasonable in light of improvements made to the Premises by either party during the term of the Lease.

8.5 Replacement.

In the event that items specified as Tenant's responsibility in Section 8.1 wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the Tenant shall be required to replace said items. However, to the extent that such casualty damage is not covered by insurance required by Tenant under Section 15.3 then Tenant may exercise its options under Section 6.2c.

ARTICLE 9. UTILITIES

9.1 Utilities.

Tenant shall be responsible for ensuring access to and paying for all costs associated with the effluent treatment, water, sprinkler standby charges, electricity, gas, other lighting, heating, power, and other utility rents and charges accruing in connection with the Premises during the term of this Lease. Tenant shall comply with any applicable laws, ordinances, regulations, or policies with respect to the curtailment or conservation of energy or water. Except as provided in Section 9.3, Tenant shall be responsible for any costs associated with any security system(s) placed or installed in or upon the Premises by Tenant.

9.2 Security

Tenant shall provide for the security of the Building in a similar manner to that provided for other facilities of the Medical Center.

9.3 Telephone, internet and communications.

County acknowledges that County has certain obligations regarding the Premises under this Lease, including without limitation obligations regarding installing and maintaining its own telephone and internet service for those sections of the Premises occupied by County under the Sublease.

ARTICLE 10. ACCESS BY COUNTY

10.1 Access by County.

Tenant agrees to permit the County or its authorized agents free access to all areas of the Premises upon advance written, telephonic, or facsimile notice of 48 hours, or sooner if Tenant agrees, for the purpose of inspection. Notwithstanding the foregoing, no advance notice shall be required in the event of an emergency as determined solely by Hospital Executive Officer

ARTICLE 11. TERMINATION FOR DEFAULT

11.1 Default by County.

If default shall be made by County in any of the covenants or agreements herein contained on the part of the County to be kept and performed, and such default constitutes a material breach of the Lease, Tenant may, at its sole discretion, terminate this Lease upon the giving of 30 days written notice. In addition thereto, Tenant shall have such other rights or remedies as may be provided by law. Tenant may not terminate the Lease if: (1) County cures the default within 30 days after such notice is given, or (2) the default cannot reasonably be cured within the 30 days after notice is given, but County reasonably commences to cure the default within the 30-day period and diligently and in good faith continues to cure the default.

11.2 Default by Tenant.

Tenant's failure to repair and maintain the Premises as provided herein, or to perform any of the other covenants or agreements here in, shall place Tenant in default under this Lease. County may, at its sole discretion, terminate this Lease upon a material breach of this Lease, including any such referenced default that constitutes a material breach of this Lease, by giving Tenant 30 days written notice of termination. In addition thereto, County shall have such other right or remedies as may be provided by law. Notwithstanding the foregoing, County may not terminate the Lease if: (1) Tenant cures the default within a commercially reasonable time after notice is given, or (2) the default cannot reasonably be cured within the 30 days after notice is given, but Tenant reasonably commences to cure the default within the 30-day period and diligently and in good faith continues to cure the default.

ARTICLE 12.
ASSIGNMENT AND SUBLETTING

12.1 Assignment, Subletting, Subleasing, Licensing.

The use of the Premises is restricted as provided for in Article 5, Section 5.1. Accordingly, Tenant shall not assign, sublease, or otherwise transfer its interest in this Lease without the prior written approval of the County's CEO. Any assignment, sublease, or other transfer of any interest in this Lease without the County's written consent shall be void and shall constitute a material breach, for which County may terminate this Lease. Any rent or other monetary consideration received by Tenant in violation of this section shall be disgorged to the County in addition to any other remedy the County may have in law or equity.

ARTICLE 13.
ALTERATIONS

13.1 Alterations.

Tenant agrees not to make any material alterations in or on the Premises without first securing the prior written consent of the County's CEO. Consent shall be given or denied within 30 days of receipt of written request, which shall include a complete set of plans, where applicable, for such alterations. Consent shall not be unreasonably withheld. Failure to provide written approval or disapproval within 30 days shall be deemed approval unless a permit is required from the City or County building departments. Any alterations installed by Tenant which are "trade fixtures" as such are defined by the law of eminent domain shall be treated as Tenant's fixtures in accordance with the provisions of this Lease. To the extent there is any conflict between this Section 13.1 and Section 22, Section 22 shall control.

ARTICLE 14.
NOTICES

14.1 Notices.

All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States registered or certified mail, postage prepaid, return receipt requested, or transmitted by facsimile transmission, in which case the receiving party shall immediately confirm receipt of such notice. All notices are effective upon receipt. For the purposes of such notices, the addresses for the parties are set forth in Section 14.2 below. Either party may from time to time designate another person of place for receipt of notice by writing to the other party delivered in conformity with this Section.

14.2 Notices - Where to Send.

All notices given under this Lease shall be addressed and/or delivered to the respective parties as follows:

County:

Manager, CEO/ Real Estate Division
County of Los Angeles
222 South Hill Street 3rd Floor
Los Angeles, California 91030

Tenant:

Mack Oliver, CEO
Harbor UCLA Medical Foundation, Inc.
21840 Normandie Avenue, Suite 100
Torrance, California 90502

With a copy to:

CEO
Harbor UCLA Hospital
1000 W. Carson St.
Torrance, CA 90509

ARTICLE 15. INSURANCE

15.1 Self Insurance by County

County, as a government entity, has the right to self-insure with respect to any insurance requirement set forth in this Lease. This does not abrogate the Tenant's obligation to insure the entire Premises in accordance with the terms of Article 15.3 of this Lease.

15.2 Indemnification

- A. County agrees to indemnify, defend, and hold harmless Tenant and its directors, officers, employees, and agents from and against any and all liability and expense (including defense costs and legal fees) arising from or connected with claims and lawsuits which result from bodily injury, death, personal injury, or property damages (including damage to County's property) to the extent arising or alleged to arise from County's negligence, willful misconduct or material breach of this Lease in connection with County's use or ownership of the Premises.
- B. Tenant agrees to indemnify, defend, and hold harmless County and its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability and expense, including defense costs and legal fees, arising from or connected with claims and lawsuits which result from bodily injury, death, and personal injury, or property damage (including damage to Tenant's property) to the extent arising or alleged to arise from Tenant's negligence, willful misconduct or breach of this Lease in connection with Tenant's use, maintenance or omission thereof and occupancy of the Premises.

15.3 Tenant's Insurance Obligations.

Without limiting Lessee's indemnification of County and during the term of this Lease, Lessee shall provide and maintain the following insurance:

- A. General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) and endorsed to name County as an additional insured, with limits of not less than the following:

General Aggregate:	\$4 million
Products/Completed Operations Aggregate:	\$4 million
Personal and Advertising Injury:	\$2 million
Each Occurrence:	\$2 million

- B. Automobile Liability insurance (written on ISO form CA 00 01 or its equivalent) with a limit of liability of not less than \$1 million for each accident and providing coverage for all "owned", "hired", and "non-owned" vehicles, or coverage for "any auto".

- C. Workers Compensation and Employers' Liability insurance providing workers compensation benefits, as required by the Labor Code of the State of California and for which LESSEE is responsible, and including Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

- D. Commercial Property insurance: Such insurance:

- Shall cover damage to County's property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30) excluding earthquake and including Ordinance or Law Coverage;
- Shall be written for the full replacement value of the property, with a deductible no greater than \$25,000 or 5% of the property value; whichever amount is less, and,
- Proceeds shall be payable to LESSEE and County as their interests may appear and be utilized for repair and restoration of the Property.

Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Lessee's own expense.

- E. Waivers of subrogation. Lessee shall obtain appropriate endorsements upon all insurance policies waiving subrogation by the insurer(s) against County.

- F. Evidence of Insurance. Certificates or other evidence of coverage satisfactory to County shall be delivered to County prior to the commencement date at the Chief Executive Office, Real Estate Management Division, 222 South Hill Street, 3rd floor, Los Angeles, California 90012 and shall:
- Specifically identify this Lease and the entire Premises
 - Clearly evidence all coverage required in this Lease.
 - Contain the express condition that insurer will use its best efforts to give written notice by mail to County at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.
 - Identify any deductibles or self-insured retentions exceeding \$25,000.
- G. Review of Insurance Requirements. Throughout the term of this Lease and upon notice to Lessee, County may review and adjust at any time the types and limits of insurance required under this Lease to a commercially reasonable level. Insurance is to be provided by insurers acceptable to the County with an A.M. best rating of not less than A:VII, unless otherwise approved by County.
- H. Failure to Maintain Coverage. Failure by Lessee to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County shall constitute a material breach of this Lease.
- I. Notification of Incidents, Claims, or Suits. Lessee shall report to County any accident or incident relating to services performed under this Lease which involves injury or property damage which might reasonably be thought to result in the filing of a claim or lawsuit against Lessee and/or County. Such report shall be made in writing within 72 hours of Lessee's knowledge of such occurrence.
- J. Compensation for County Costs. In the event that Lessee fails to comply with any of the indemnification or insurance requirements of this Lease, and such failure to comply results in any costs to County, Lessee shall pay full compensation for all reasonable costs incurred by County.

ARTICLE 16.

TAXES

16.1 Real Property Taxes.

County, as owner, shall assist Tenant with the application, when appropriate, for applying for the "welfare exemption" (Revenue and Tax Code 214) generally available through the County Assessor concerning possessory interest taxation of the real property on which the Building and the Premises are located. Tenant shall use its best efforts to timely apply to the County Assessor, as required, in any such application for exemption. In the event that no exemption applies or a partial exemption applies and the

County Assessor determines that taxes are payable, the Tenant shall either a. pay promptly all applicable real property taxes including possessory interest taxes, assessments and special assessments which may be levied or assessed against the Premises during the term of this Lease or any extension or holdover period thereof or b. cancel this Lease and vacate the Premises within 90days.

16.2 Personal Property Taxes, Possessory Interest Taxes, Assessments, and License Fees.

Tenant shall be responsible, when appropriate, for applying for exemptions and waivers concerning taxation of personal property, possessory interests, parking assessments, fees, and license fees. The CEO shall use its best efforts to assist Tenant, as required and when appropriate, in any such application for exemption or waiver. In any event, Tenant shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied and assessed against Tenant's personal property installed or located in or on the Premises, that become payable during the term. Tenant hereby acknowledges that its occupancy and use of the Premises may result in a possessory interest subject to taxation. All possessory interest taxes levied and billed shall be the sole responsibility of the Tenant and shall be paid when due by Tenant. Subject to Section 16.3 hereof, County may terminate this Lease upon Tenant's nonpayment of such taxes, assessments, and/or license fees.

16.3 Tenant's Right to Contest Taxes

Tenant shall have the right, at its own expense, to contest the amount or validity of any taxes by appropriate proceedings diligently conducted in good faith which shall operate to prevent the collection of any taxes so contested or the sale of any of Tenant's property to satisfy the same. Pending final judgment and appeals of any such legal proceedings, County shall not have the right to pay, remove, or discharge any Taxes thereby contested, provided that Tenant shall protect County from any lien by adequate surety bond or other security reasonably deemed appropriate by County.

16.4 Prorating of Taxes

If, at any time during the term of this Lease, any taxes are levied for a benefit which shall have a useful life longer than the remaining Lease term then whether or not such taxes are actually paid in installments, Tenant shall only be responsible to pay that portion of the taxes which would have been payable during the term of this Lease, had such Taxes been paid in installments. If taxes become due and payable after the expiration or termination of the Lease, Tenant, within 15 days of such expiration or termination, shall pay County its pro rata share of such taxes. To the extent that Tenant pays such taxes in excess of its pro rata share prior to termination, County shall promptly return the excess upon expiration or other termination of the Lease.

ARTICLE 17. SUCCESSORS IN INTEREST

17.1 Binding on Successors.

Each and all of the conditions and agreements herein contained shall be binding upon and shall inure to the benefit of the successors-in-interest of the County, and, wherever the context permits or requires, the successors-in-interest to the Tenant. Nothing in this section implies or constitutes permission by the County of a transfer of all or a part of Tenant's interest.

ARTICLE 18. PARKING

18.1 Parking.

So long as Tenant is not in default as defined in Section 11.2 hereof and is maintaining the required insurance on the entire Premises including the parking lots and subject to parking facility rules and regulations as established by County from time to time, Tenant and its employees and visitors shall be entitled during Tenant's regular hours of operation, as they may be modified from time to time, and as necessary in connection with after-hours services, to use spaces in parking lot located adjacent to the Premises on a first come first served basis. Initially but subject to change upon reasonable notice by County, 24 parking spaces shall be formally designated for the exclusive use of DHS/County employees, and 24 parking spaces shall be formally designated for the exclusive use of Tenant. The parking spaces shall allow the drivers of the automobiles validly parked in such spaces to have in-and-out access to such spaces and to lock their respective vehicles.

ARTICLE 19. HAZARDOUS SUBSTANCES

19.1 Definition.

For purposes of this Lease, the term "Hazardous Substances" shall be deemed to include hazardous substances as defined in California Health and Safety Code Section 25316 as it may be amended from time to time, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8 as it may be amended from time to time.

19.2 Warranties and Representations.

Tenant hereby warrants and represents that it will not cause the presence, use, storage, or disposal of any Hazardous Substances on or about the Premises without the prior written consent of County, except that Tenant may use or store those Hazardous Substances that are incidental to its operation as a medical practice or medical research center.

Tenant hereby warrants and represents that it shall comply with all applicable laws and regulations concerning the use, release, storage and disposal by Tenant, its agents, and contractors of Hazardous Substances on the Premises. County hereby warrants and represents that it has complied with all applicable laws and regulations concerning the use, release, storage, and disposal of Hazardous Substances on the Premises, and that said compliance was in effect prior to the beginning of the term of this Lease.

19.3 Notification.

Each party agrees to immediately notify the other party when either party learns that Hazardous Substances have been released on the Premises, upon becoming aware of the same.

19.4 Indemnification.

County agrees to indemnify, defend and hold harmless Tenant, its agents, officers and employees from and against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence or release of Hazardous Substances on the Premises caused by County.

Tenant agrees to indemnify, defend and hold harmless County and its Special Districts, elected and appointed officers, agents, and employees, from and against all liability, expense (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence or release of Hazardous Substances on the Premises which is caused by Tenant or its agents or sublessees (except the County), approved or not.

The indemnity provided each party by this Section shall survive the termination of this Lease.

19.5 Default.

The presence or release of Hazardous Substances on the Premises and/or in the Building or on the Property, which is caused by Tenant, or Tenant's officers, employees, agents, licensees, contractors, or invitees, and which threatens the health and safety of Premise occupants shall entitle County to immediately terminate this Lease.

19.6 Additional Indemnity coverage

Costs incurred by County as a result of the presence or release of Hazardous Substances on the Premises and/or in the Building or on the Property which is caused by Tenant, or Tenant's officers, employees, agents, licensees, contractors, or invitees, are the responsibility of the Tenant under the indemnity provisions of this Lease.

19.7 Asbestos Notification.

Tenant agrees to notify County at least annually of Tenant's actual knowledge of the presence of asbestos-containing materials on or within the Premises. Tenant and County agree to notify their own employees of the presence of asbestos-containing materials on or within the Premises. Such notification shall comply with Health and Safety Code Section 25915, et seq., as amended from time to time or as required by any successor or companion statute enacted subsequent to this Lease.

ARTICLE 20. AUTHORITY

20.1 Warranty of Authority.

Each of the parties hereto covenants, warrants and guarantees that the individuals executing this Lease and the instruments referenced herein, have the legal power, right and actual authority to execute this Lease upon the provisions and conditions stated herein and each agrees to indemnify and hold harmless the other from all damages, costs, and expenses which result from a breach of this material representation.

ARTICLE 21. ESTOPPEL CERTIFICATE

21.1 Estoppel Certificate.

Tenant shall at any time, upon not less than 10 days' prior written notice from the County execute, acknowledge and deliver to the CEO a written statement substantially similar in form to Exhibit D attached hereto and incorporated herein by this reference. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or the Building or any other interested party. Failure to deliver such statements within such time shall constitute a material breach of this Lease.

ARTICLE 22. TENANT IMPROVEMENTS

22.1 Tenant Improvements.

Construction of any future alterations or replacements of the improvements on the Premises shall be performed in accordance and subject to the conditions hereinafter set forth, which Tenant covenants to observe and perform.

County is providing the Premises to Tenant in an "as is" condition. Subject to County's approval and consent, Tenant may install or construct any tenant improvements at its own and sole expense as may be necessary to fit said Premises for delivery of the Services and related uses. Preliminary design documents, construction drawings, and specifications for any proposed interior tenant improvements shall be prepared by a licensed California architect/contractor at the sole expense of the Tenant. Prior to the construction or installation of any improvements, Tenant shall submit all preliminary and final design documents, construction drawings, and specifications for review and approval by the Los Angeles County Department of Public Works ("DPW").

The County shall endeavor to provide its approval or disapproval to Tenant in writing within 30 days of the receipt of all final design documents, construction drawings, and specifications. Failure by the County to provide written approval within 30 days shall be deemed approval. Tenant shall modify the final design documents, construction drawings, and specifications to conform to review comments by County. Comments shall not be unreasonably withheld or delayed. All work, construction and materials shall be shown in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion, Tenant shall furnish the County with one complete set of reproducible as-built drawings in electronic format including locations of all underground utility lines and their depths.

The Premises shall meet all applicable Federal, State, and local building codes, regulations, and ordinances required for beneficial occupancy. At Tenant's sole cost and expense, Tenant shall obtain all necessary permits and jurisdictional approvals for any work, construction, and occupancy from DPW.

All construction undertaken shall be in conformance with the provisions of Article 23, Section 23.1 herein.

22.2 Removal of Tenant Improvements.

All tenant improvements of every kind and nature whatsoever installed by Tenant on the Premises with the written consent and approval of County shall remain the property of Tenant during the term of this Lease. Upon expiration of this Lease, all such improvements except trade fixtures and personal property of the Tenant shall revert to County ownership.

22.3 ADA Requirements.

All tenant improvements shall comply with the Americans with Disabilities Act ("ADA"), as it now exists or may later be amended. Tenant shall provide to County architectural plans for all work required by the Building and Safety/Land Development Division of the County Department of Public Works in order to comply with ADA access requirements as a condition of the issuance of building permits for any tenant improvement work. Tenant shall construct all required improvements to provide access to the Premises to the disabled in compliance with the ADA. Such improvements shall be the property of County, and shall not be removed upon the termination of the Lease.

22.4 Signs and Name of the Facility.

Tenant shall be allowed to place and maintain signs inside and outside the Premises at appropriate locations in order to direct persons for delivery of the services provided by Tenant hereunder. Tenant shall provide written notification to the County concerning the size, design, precise location, and means of attachment of outside and external signs which shall be subject to the consent of County or its designee, which consent shall not be unreasonably withheld. Tenant will also comply with any City sign ordinance which may hereafter apply.

ARTICLE 23. GENERAL PROVISIONS

23.1 -Miscellaneous:

- A. Headings: The Section titles in this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.
- B. Time: Time is of the essence for this Lease and each and all of its provisions in which performance is a factor.
- C. Recordation: Tenant may not record this Lease at any time without the prior written consent of the County.
- D. Binding on Successors: Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Tenant, and wherever the context permits or requires, the successors in interest to the County.
- E. Prior Agreements: The Lease, agreements incorporated by reference and attachments hereto contain all of the agreements of the parties hereto with

respect to the subject matter hereof, and no prior agreement including the Original Lease or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

- F. Unavoidable Delay: Any prevention, delay, non-performance or stoppage due to any of the following causes shall excuse non-performance for a period equal to any such prevention, delay, non-performance or stoppage. The causes referred to above are: strikes, lockouts, labor disputes, failure of power, irresistible superhuman cause, acts of public enemies, riots, insurrections, civil commotion, inability to obtain labor or materials or reasonable substitutes for either, governmental restrictions or regulations or controls, casualties not contemplated by insurance provisions of this Lease, or other cause beyond the reasonable control of the party obligated to perform.
- G. Severability: Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision hereof and such other provisions shall remain in full force and effect.
- H. Cumulative Remedies: No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.
- I. Choice of Law and Forum: This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the courts of the County of Los Angeles, State of California.
- J. Interpretation: Unless the context of this Lease clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes" and "including" are not limiting. The language of this Lease shall be construed according to its fair meaning and not strictly for or against County or Tenant. Column headings are for convenience only and do not limit or fully describe the contents therein.

23.2 Construction.

All construction work paid for directly or by reimbursement with public funds pertaining to this Lease by the Tenant or its designated contractors or subcontractors shall comply with all applicable Federal, State, and local regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of worker or mechanic needed for the construction of the improvements. Particulars of the current prevailing wage scale, as approved by the Board of

Supervisors, which are applicable to the work contemplated, are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

23.3 Waiver.

Any waiver by either party of any breach of anyone or more of the covenants, conditions, terms and agreements herein contained shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or agreement herein contained, nor shall failure on the part of either party to require exact, full and complete compliance with any of the covenants, conditions, terms or agreements herein contained be construed as in any manner changing the terms of this Lease or estopping either party from enforcing the full provisions hereof.

No option, right, power, remedy, or privilege of either party shall be construed as being exhausted by the exercise thereof in one or more instances. The rights, powers, options and remedies given either party by this Lease shall be cumulative.

23.4 Licenses and Compliance with Applicable Law.

Tenant shall obtain and maintain in effect during the term of this Lease, all licenses, permits, and certificates required by law which are applicable to the provision of the Services, and Tenant shall further ensure that all its officers, employees, and agents who perform services hereunder obtain and maintain in effect during the term of this Lease and any holdover or extension period, all licenses, permits, and certificates required by law which are applicable to its performance hereunder. Tenant shall further comply with all federal, State, and local laws, ordinances, regulations, and directives applicable to its performance hereunder.

Tenant shall have the right to contest, by appropriate judicial or administrative proceedings, without cost or expense to County, the validity or application of any present or future applicable laws which restrict Tenant's use of the Premises or which require Tenant to repair, maintain, alter, or replace the Building in whole or in part. Tenant shall not be in default for failing to exercise its rights under this clause or for failing to commence repairs, maintenance, alterations, or replacement obligations imposed by such applicable laws, until a reasonable time following the final judgment and conclusion of appeals in Tenant's administrative and judicial proceedings, provided that Tenant protects County from any lien by surety bond or other security reasonably satisfactory to County. County may, but is not obligated to, join in Tenant's contest but County shall have full subrogation rights in the event of Tenant's failure to contest. Tenant's right to contest must be exercised in such manner as to avoid any exposure of the Building or any part thereof to foreclosure or execution sale.

23.5 County Lobbyists.

Tenant and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010 retained by Tenant, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Tenant or any County lobbyist or a County lobbying firm retained by Tenant to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Lease upon which County may immediately terminate this Lease.

23.6 Title.

Tenant hereby acknowledges the title of County in and to the Premises, and covenants and agrees never to assail, contest, or resist said title.

23.7 Administration of County Space.

County does not grant or delegate to Tenant hereunder any of its governmental powers (statutory, implied, administrative, or otherwise) with respect to the Premises.

23.8 Acknowledgment of Ineligibility for Relocation Assistance.

Tenant expressly acknowledges that Tenant will be in possession of the Premises as a result of County's previously acquired property interest. In recognition of such fact, Tenant hereby disclaims any status as a "displaced person" as such is defined in Governmental Code Section 7260, and hereby acknowledges its ineligibility for relocation assistance as provided in Government Code Sections 7260 through 7276, inclusive, as interpreted in Title 25, Chapter 6, Section 6034(b)(1) of the California Code of Regulations.

23.9 Solicitation of Consideration.

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a tenant with the implication, suggestion or statement that the tenant's provision of consideration may secure more favorable treatment for the tenant in the award of the lease or that the tenant's failure to provide such consideration may negatively affect the County's consideration of the tenant's submission. A tenant shall not offer to or give, either directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to award of a lease.

Tenant shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the termination of this Lease.

23.10 Conflict of Interest.

No County employee whose position in County service enables him/her to influence obtaining or awarding any lease, license or permit, and no spouse or economic dependent of such employee, shall be employed in any capacity by Tenant herein, or have any other direct or indirect financial interest resulting from this Lease.

IN WITNESS WHEREOF, Tenant has executed this Lease or caused it to be duly executed and the County of Los Angeles has caused this Lease to be executed on the day, month and year first above written.

TENANT

MFI

By:


Mack Oliver, CEO

COUNTY OF LOS ANGELES

By:

Chairman, Board of Supervisors

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By:

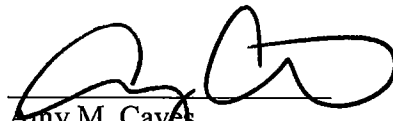

Amy M. Caves
Senior Deputy

EXHIBIT A

Description of Premises/site plan

The premises consists of a medical office building containing approximately 31,357 rentable square feet of office and lab space on approximately four acres including parking and landscaped areas but excluding three buildings just south of medical center drive marked on the exhibit as "LABiomed Institutional Advancement" and commonly known as MFI at 21840 S. Normandie Avenue, Torrance, CA.

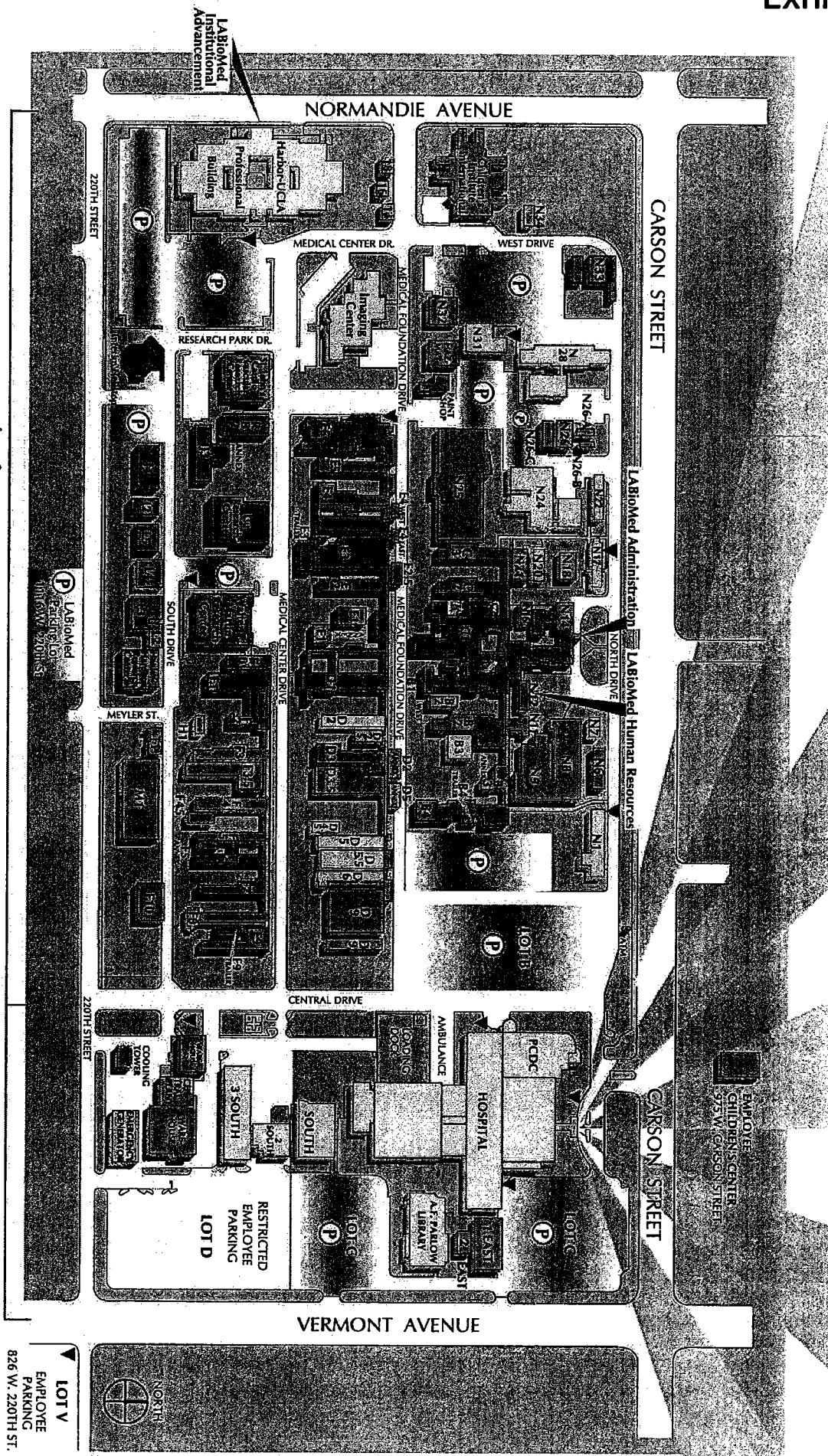
**Los Angeles Biomedical Research Institute
at Harbor-UCLA Medical Center**
1124 West Carson Street, Building N-14
Torrance, California 90502-2064
(877) 452-2674



Harbor-UCLA Medical Foundation, Inc.
21840 South Normandie Avenue
Torrance, California 90502-2047
(310) 222-5015



Harbor - UCLA Medical Center
1000 West Carson Street
Torrance, California 90509-2910
(310) 222-2345



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LABioMed 08/08



Patient Service Buildings
Edificios para servicio público
y atención al paciente



Hospital Buildings
Edificios del hospital

**LA BioMed Research
Institute Buildings**
Edificios del Instituto de
Investigación de LA BioMed

Patient/Visitor Parking
Estacionamiento para
visitantes y pacientes

Shuttle Bus Stops
Paradas del autobus

**Harbor - UCLA
Medical Center
Campus Plan
Plano del Hospital**

EXHIBIT B

Sublease

A sublease of a portion of the Premises between the County and MFI for 5940 rentable square feet of office space and appurtenant parking..

EXHIBIT B

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease") is made and entered into this ____ day of December 2010 by and between COUNTY OF LOS ANGELES, a body corporate and politic (the "County"), and HARBOR-UCLA MEDICAL FOUNDATION, INC., a California nonprofit corporation ("MFI").

RECITALS

MFI, as Tenant, entered into a lease with County of even date herewith, as Master Lessor, (the "Master Lease"), for the County owned land and building (the "Building") containing 31,357 rentable square feet on approximately four acres located at 21840 South Normandie Avenue, Torrance, California, 90502 (collectively, the "Master Leased Premises"); and,

MFI has agreed to sublease 5,940 rentable square feet and appurtenant parking back to the County for a term that coincides with the term of the Master Lease as may be extended from time to time pursuant to its terms; and,

In consideration of the mutual promises, covenants, and conditions set forth herein, the parties hereto and each of them do agree as follows:

1. SUBLEASED AREA

1.01 MFI hereby provides a sublease to County, and County hereby agrees to use, upon the terms and conditions hereinafter set forth, the subleased areas of 5,940 rentable square feet as shown on Exhibit 1 attached hereto and incorporated herein by this reference plus parking spaces as determined solely by County in a parking lot adjacent to the Building (collectively, the "Premises").

1.02 The Premises may be used by County for any lawful purpose.

1.03 County may improve the Premises at its cost and expense but MFI shall have sole responsibility for maintaining the Premises at all times except the parking lot.

1.04 MFI will hire and provide all maintenance (except the parking lot), repairs, utility (except telephone and internet service) and janitorial service at its sole cost and expense for the Premises.

1.05 County acknowledges that County has performed a personal inspection of the Premises and the surrounding area and evaluation of the extent to which the physical condition thereof will affect the County. County accepts the Premises in its present physical condition.

2. TERM

The term of this Sublease shall commence upon the commencement of the Master Lease (the "Commencement Date") and end upon termination of the Master Lease.

3. RENT

In exchange for the use of the Premises and receipt of the related support services, the County will provide MFI a credit against the in-kind services which it must provide under Section 4.1(b) of the Master Lease, including a credit for space support services. However, the County will incur expenses associated with County telephone and internet service. This Sublease is part of the consideration being provided by MFI for the Master Lease.

4. OPERATING RESPONSIBILITIES

4.01 Compliance with Law. County's operations in and use of the Premises shall conform to and abide by all County ordinances and all State and Federal laws and regulations insofar as the same or any of them are applicable to the County; and where permits and/or licenses are required for County's specific use of the Premises, the same must be first obtained from the regulatory agency having jurisdiction herein. MFI shall maintain the Premises in compliance with all applicable County ordinances and State and Federal laws and regulations.

4.02 Sanitation. No offensive matter or refuse or substance constituting an unnecessary, unreasonable, or unlawful fire hazard, or material detrimental to the public health, shall be permitted or remain on the Premises, and County shall prevent any accumulation thereof from occurring.

4.03 Maintenance. MFI shall be responsible for maintaining the Premises (except for the parking lots) including the provision to provide daily janitorial services.

4.04 Parking. County will have the duty to repair and maintain all parking lots at its sole cost. County will also have the exclusive right to allocate, mark, reserve and otherwise direct parking activities on all parking areas covered under the Premises. This obligation to maintain does not release MFI from its obligation to insure the parking areas which are included in the definition of Premises under the Master Lease.

5. HOLD HARMLESS AND INDEMNIFICATION

County and MFI each agree to indemnify, defend, save and hold harmless the other party hereto from and against any and all liability, expense (including defense costs and legal fees), and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with its own negligent or intentional acts or omissions in connection with this Sublease.

6. NONDISCRIMINATION

MFI certifies and agrees that all persons employed by MFI and/or by the affiliates,

subsidiaries, or holding companies thereof are and shall be treated equally without regard to or because of race, ancestry, national origin, or sex, and in compliance with all Federal and State laws prohibiting discrimination in employment, including, but not limited to, the Federal Civil Rights Act of 1964; the Unruh Civil Rights Act; the Cartwright Act; the State Fair Employment Practices Act; and the Americans with Disabilities Act.

7. DEFAULT

Provided that MFI is not in breach of the Master Lease, County agrees that if default shall be made in any of the covenants and agreements herein contained to be kept by County, MFI may forthwith revoke and terminate this Sublease after giving County a 30 day written notice and opportunity to cure the default.

8. WAIVER

8.01 Any waiver by either party of any breach of anyone or more of the covenants, conditions, terms and agreements herein contained shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or agreement herein contained, nor shall failure on the part of either party to require exact, full and complete compliance with any of the covenants, conditions, terms or agreements herein contained be construed as in any manner changing the terms of this Sublease or prohibiting either party from enforcing the full provisions hereof.

8.02 No option, right, power, remedy, or privilege of either party shall be construed as being exhausted by the exercise thereof in one or more instances. The rights, powers, options and remedies given either party by this Sublease shall be cumulative.

9. NOTICES

Any notice required to be given under the terms of this Sublease or any law applicable thereto may be placed in a sealed envelope, with postage paid, addressed to the person on whom it is to be served, and deposited in a post office, mailbox, sub post office, substation, mail chute, or other like facility regularly maintained by the United States Postal Service. The address to be used for any notice served by mail upon MFI shall be:

Chief Executive Officer
Harbor UCLA Medical Foundation Inc. 21840
South Normandie Avenue, Suite 100 Torrance,
California 90502

or such other place as may hereinafter be designated in writing to the County by MFI. Notice served by mail upon County shall be addressed to:

County of LA/Chief Executive Office
Real Estate Division
222 S. Hill St., 3rd Flr.
Los Angeles, CA 90012

Chief Executive Officer Harbor
UCLA Medical Center
1000 W. Carson St.
Torrance, CA 90509

or such other place as may hereinafter be designated in writing to MFI by County. Service by mail shall be deemed complete upon deposit in the above-mentioned manner.

10. REPAIR OF DAMAGE

MFI shall, at MFI's sole expense, be responsible for the cost of repairing any area of the Building which is damaged by flood, fire, earthquake, acts of God or by MFI or MFI's agents, employees, invitees or visitors to the extent such repairs are covered by insurance (not including the deductibles under said policies) that MFI is required to obtain under the Master Lease; except the repair of low voltage electronic, telecommunications, phone and data cabling and related equipment that is installed by or for the exclusive benefit of County. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by County, which approval shall not be unreasonably withheld or delayed; (b) be at least equal in quality, value and utility to the original work or installation; and (c) be in accordance with all laws.

11. SIGNATURE AUTHENTICITY CLAUSE

The individual(s) executing this Sublease hereby personally covenants, guarantees and warrants that he/she has the power and authority to obligate MFI to the terms and conditions in this Sublease.

12. INTERPRETATION

Unless the context of this Sublease clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes" and "including" are not limiting.

13. CHOICE OF LAW AND FORUM

This Sublease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Sublease shall be conducted in the courts of the County of Los Angeles, State of California.

14. ENTIRE AGREEMENT

This Sublease and the Master Lease contain the entire agreement between the parties hereto with respect to the specific subject matter hereof, and no addition or modification of any terms or provisions shall be effective unless set forth in writing, signed by both MFI and County. Should a conflict exist between this Sublease and the Master Lease, the terms of the Master Lease shall apply.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has executed this Sublease or caused it to be duly executed by its Chairman, and MFI has caused this Sublease to be executed on its behalf by its duly authorized officer, this day, month, and year first above written.

MFI:

UCLA Harbor Medical Foundation Inc.

BY


Mack Oliver, CEO

ATTEST:

SACHI A. HAMAI
Executive Officer
Clerk of The Board of Supervisors

By: _____
Deputy

ANDREA SHERIDAN ORDIN
County Counsel

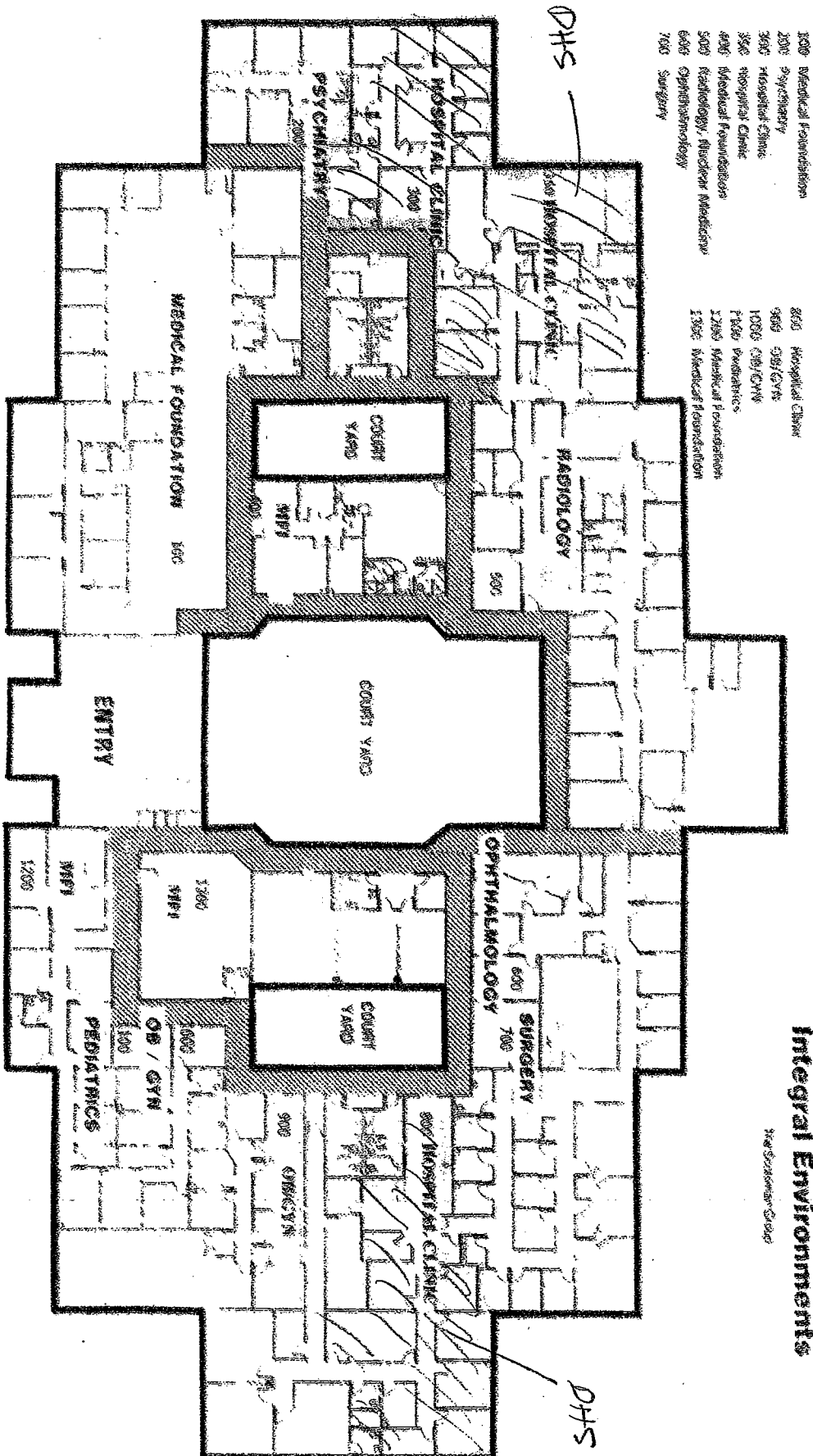
By: 
Senior Deputy County Counsel

COUNTY OF LOS ANGELES

By: _____
Chairman of the Board of Supervisors

Integral Environmentalism

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EXHIBIT C

Floor Plan of Building Premises

HARBOR - UCLA Medical Foundation PROVISIONAL BUILDING

- 100 Medical Foundation
- 200 Psychiatry
- 300 Hospital Clinic
- 350 Hospital Clinic
- 400 Medical Foundation
- 500 Radiology, Nuclear Medicine
- 600 Ophthalmology
- 700 Surgery

- 400 Hospital Clinic
- 500 OB/GYN
- 1000 OB/GYN
- 1100 Pediatrics
- 1200 Medical Foundation
- 1300 Medical Foundation

Integral Environments

The Seawater Group

